

## Article - Real Property

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§11-114.1.

- (a) In this section, “fidelity insurance” includes a fidelity bond.
- (b) This section does not apply to a condominium:
  - (1) That has four or fewer units; and
  - (2) For which 3 months’ worth of gross annual assessments is less than \$2,500.
- (c)
  - (1) The council of unit owners or other governing body of a condominium shall purchase fidelity insurance not later than the time of the first conveyance of a unit to a person other than the developer and shall keep fidelity insurance in place for each year thereafter.
  - (2) The fidelity insurance required under paragraph (1) of this subsection shall provide for the indemnification of the condominium against loss resulting from acts or omissions arising from fraud, dishonesty, or criminal acts by:
    - (i) Any officer, director, managing agent, or other agent or employee charged with the operation or maintenance of the condominium who controls or disburses funds; and
    - (ii) Any management company employing a management agent or other employee charged with the operation or maintenance of the condominium who controls or disburses funds.
- (d) A copy of the fidelity insurance policy or fidelity bond shall be included in the books and records kept and made available by the council of unit owners under § 11-116 of this title.
- (e)
  - (1) The amount of the fidelity insurance required under subsection (c) of this section shall equal at least the lesser of:
    - (i) 3 months’ worth of gross annual assessments and the total amount held in all investment accounts at the time the fidelity insurance is issued; or
    - (ii) \$3,000,000.

(2) The total liability of the insurance to all insured persons under the fidelity insurance may not exceed the sum of the fidelity insurance.

(f) If a unit owner believes that the council of unit owners or other governing body of a condominium has failed to comply with the requirements of this section, the aggrieved unit owner may submit the dispute to the Division of Consumer Protection of the Office of the Attorney General under § 11-130 of this title.

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